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SUBJECT: SAN LUIS POTOSI GOVERNOR-ELECT OUTLINES PLANS

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¶1. (SBU) Summary: At a recent meeting with the Consul General (CG), San Luis Potosi Governor-elect Fernando Toranzo Fernandez, a member of the Partido Revolucionario Institucional (PRI), outlined his plans to improve economic, healthcare and security conditions in his state. He predicted that he would have broad support for his programs in state congress, which is dominated by the rival Partido Accion Nacional (PAN). Toranzo repeatedly asked for USG assistance for his programs. End summary.

¶2. (SBU) During a recent meeting with the Consul General, San Luis Potosi Governor-elect Fernando Toranzo Fernandez stated that his incoming administration plans to focus on economic, security, and health issues. Although a member of the Partido Revolucionario Institucional (PRI), Toranzo predicted that he will have a solid working relationship with a state congress dominated by the rival Partido Accion Nacional (PAN), because many PAN members supported his election bid due to a schism in their party.

Economy

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¶3. (SBU) Toranzo said one of his top priorities will be to attract additional industry and job opportunities throughout the state and requested USG help in promoting economic development. He trumpeted the planned arrival of new businesses in the capital city of San Luis Potosi's Tres Naciones industrial park over the next few months. However, Toranzo noted that the majority of the state's industry was centered in the capital. The real challenge, he stated, are the vast outlying areas that are economically depressed with high-poverty conditions and contain large indigenous populations. (Note: Around 33 percent (731,000) of the state's estimated population of 2.4 million lives in the capital city. End note.)

Tax Holiday to Prevent Job Losses?

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14. (SBU) A key element of Toranzo's election platform was a six month tax holiday for businesses. By not having to pay the state's two percent payroll tax, he told the CG that he believed companies will be encouraged to retain workers during the economic downturn. (Major U.S. companies that would benefit include GM, Eton, 3M and Remy.) However, current state Secretary of Economic Development Carlos Barcena Pous told the CG in a separate meeting that he believed Toranzo's tax relief plan would not retain jobs and would cause a significant drop in state revenues (septel).

#### Healthcare

15. (SBU) A physician by profession, Toranzo was passionate about the need to provide improved healthcare access to lower-income indigenous populations, where the government often has no control over healthcare practices. He said that, during his previous stint as Secretary of Health, state efforts had reduced infant and maternal mortality in these groups by over 70 percent. The state does not have sufficient medical care facilities to treat its large number of dengue cases, he stated, adding that, fortunately, malaria and chaga's disease were not prevalent. Toranzo requested USG assistance in his quest to improve healthcare. (Note: The state has an estimated indigenous population of around 264,000. End note.)

16. (SBU) Authorities, he opined, should adapt healthcare practices to fit native customs. As an example, he noted that

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the traditional use of sharpened bamboo to sever umbilical cords had caused infections during childbirth. After health officials had unsuccessfully tried to introduce stainless steel instruments - meeting strong resistance from indigenous leaders - they convinced indigenous midwives to use sterilized bamboo, thereby dropping the infection rate significantly.

#### Security Lacking

17. (SBU) Toranzo admitted that security in his state had significantly deteriorated, largely due to organized crime activities. He lamented the general public's lack of confidence in the state's ability to provide adequate security. Toranzo said that state police needed additional training and improvements in intelligence gathering capabilities and asked for USG assistance in these areas. A/Legatt will engage in further discussions on this issue with Toranzo and his team in coming months.

#### Comment

18. (SBU) Toranzo, an open and gregarious interlocutor, has served as a member of the state legislature and twice as the state's Secretary of Health. Although a PRI candidate, Toranzo has broad appeal with both PRI and PAN voters, and served as the Secretary of Health for the outgoing PAN administration.

Historically, SLP has been a PAN stronghold. The outgoing PAN governor won election in 2003 by a margin of over 10 percent of the vote. In 2009, Toranza beat out his PAN rival 45 percent to 42 percent. Much of his success can be attributed to his appeal among lower-income voters and infighting among the state's various PAN factions.

19. (SBU) The state's export driven manufacturing sector has been adversely impacted by the U.S. recession. Expatriate remittances, on which many lower-income families rely, have also dropped significantly. Toranzo's platform, with its focus on economic development and healthcare assistance to the rural poor, is an attempt to mitigate these problems among one of his key voter bases. However, he appears to realize that the magnitude of his plans, especially in light of a tighter federal budget (as with most Mexican states, San Luis Potosi depends heavily on federal revenue sharing), will require outside assistance, hence his calls for USG assistance. To accomplish his ambitious goals, Toranzo will also need continued support among PAN members of the state congress. Whether that will continue in Mexico's mercurial political climate remains to be seen.

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